United Nations S/2013/305

Security Council

Distr.: General
21 May 2013

Original: English

Letter dated 3 May 2013 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my report as the President of the Governing Council of the United Nations Compensation Commission on the results of the Governing Council's seventy-fifth session, which was held in Geneva from 30 April to 2 May 2013. The full text of the conclusions adopted by the Governing Council and additional documentation is attached.* I would however like to highlight a few of the issues discussed during the session.

During the opening plenary meeting, delegations from the Governments of Kuwait and Iraq, including a delegation from the Committee of Financial Experts of Iraq, addressed the Council. The participating Governments under the Follow-up Programme for Environmental Awards, Jordan, Kuwait and Saudi Arabia, also addressed the Council regarding their progress towards achieving the systems and controls required under decision 269 of the Governing Council (S/AC.26/Dec.269 (2011)).

With respect to the Follow-up Programme, the Governing Council adopted decision 270 (S/AC.26/Dec.270 (2013)) concerning the fulfilment of the mandate of the Programme in the case of Saudi Arabia and the Islamic Republic of Iran. The Council authorized the secretariat, upon receipt of the signed assurances from Saudi Arabia as required under decision 269 (S/AC.26/Dec.269 (2011)), to release all withheld funds to Saudi Arabia. With respect to the Islamic Republic of Iran, the Council determined that the country had now met the requirements of decision 258 with respect to its two projects under that decision. However, in the light of the sanctions imposed on the Islamic Republic of Iran, the Council directed the secretariat to obtain advice from the Legal Liaison Office of the United Nations Office at Geneva as to whether there are any impediments under applicable laws with regard to the release of funds currently withheld by the Commission and await the response to its request for advice from the Security Council Committee established pursuant to resolution 1737 (2006).

The Governing Council noted that Jordan and Kuwait have made considerable progress since the seventy-fourth session and found that both Governments have now materially met the requirements of decision 269. The Council further noted its expectation that it will be ready to declare that the mandate of the Programme has been fulfilled in the case of Jordan and Kuwait at or before the next Council session,

* Not included in the present document.

Please recycle

subject to Jordan and Kuwait satisfactorily addressing certain issues. The Council encouraged Jordan and Kuwait to commence the process of constituting their advisory panels with a view to ensuring that they will become fully functional following the Governing Council's determination that the mandate under the Programme has been fulfilled. As the members of those panels are to provide advisory assistance and support to the respective Governments in carrying out their obligations under the relevant Governing Council decisions and the assurances, the Council emphasized the need to ensure that the composition of the panels would be consistent with the purpose of providing independent technical and financial advice relevant to the projects.

Under decision 258 with respect to Jordan and Kuwait, the Working Group took note of information notes and briefings by the secretariat and the biannual reports from the national focal points and independent reviewers. Regarding Jordan and Kuwait, the Council made recommendations, approved phasing plans, and authorized the release of funds from the respective special accounts as appropriate. With respect to Jordan, the Council approved the modified community action plan, noting that it met the objectives of the award as set out in the report of the F4 Panel of Commissioners.

In its consideration of the issues relating to the Compensation Fund, the Governing Council took note of the statement made by the delegation of Kuwait at the opening plenary meeting reaffirming its commitment to the consultations between Kuwait and Iraq under the auspices of the Commission on the outstanding balance of $11.2 billion that remains owing to Kuwait. The Council requested the secretariat to continue its efforts to facilitate the consultations and keep the Council advised of any developments. With regard to the issue of the arrangements for ensuring that deposits are made into the Compensation Fund, the Council noted its continued satisfaction with the transfer of 5 per cent of Iraq's oil revenues and the equivalent of 5 per cent of the value of non-monetary payments to the Compensation Fund and further noted Iraq's commitment to complying with Security Council resolutions.

The Governing Council noted that since the last session in November 2012, two payments have been made to Kuwait totalling approximately $2.43 billion and that, based on current levels of income to the Fund and recent projections, the Commission remains on track to pay the remaining outstanding claim in full as early as the spring of 2015. The category E claim, submitted by the Government of Kuwait on behalf of the Kuwait Petroleum Corporation, was awarded $14.7 billion for oil production and sales losses as a result of damages to Kuwait's oil field assets and represents the largest award by the Governing Council. The next payment is scheduled to be made on 25 July 2013.

The Governing Council also considered issues relating to the orderly wind-down of the Follow-up Programme and future liquidation-related activities of the Commission. With the Commission nearing the conclusion of its mandate, this issue will assume greater prominence in the Council's deliberations.

The next session of the Governing Council will be held from 19 to 21 November 2013.

(*Signed*) Peter **Woolcott**
President of the Governing Council